

Finance Committee
Monday, June 12, 2017
4:00 p.m.
Hagerty Center, 715 E. Front St., Traverse City, Michigan 49686

MINUTES

Committee members present: Ken Bollman, Jim Cook, Steve Perdue, Dean Smallegan, Jim Smith, Kelli Stepka, Tom Vine, Chris Warren, Ty Wessell

Committee members absent: Jim Barnard, Stacie Bytwork, Amanda Haworth, John Stakoe, Nicole Sulak

Guest present: Bill Tucker of Abraham & Gaffney, P.C.

Staff present: Darla Rowland, Elaine Wood

Call to order & introductions

The meeting was called to order by S. Perdue at 4:00 p.m. Steve Perdue suggested modifying the agenda to ensure ample time to review the audits. With no objections, item 4, policy review, was moved after the presentation of the audits.

Minutes

The Finance Committee minutes of February 13, 2017 and April 10, 2017 were reviewed and approved by consensus.

Networks Northwest budget report ending 4/30/17

Darla Rowland presented the budget report for October 1, 2016 through April 30, 2017. Expenditures are at 65.5% at the end of month 7 and overall revenue increased 4.7% since the report presented in February. There are 2 months left in Program Year 16. Most workforce funds run on a Program Year, including Workforce Innovation and Opportunity Act (WIOA) and Wagner-Peyser Employment Services funds.

There are several new funds listed on the report and two additional reimbursement grants similar to STTF; MAT2 and 10¢ a Meal.

Motion by T. Vine, supported by K. Bollman to recommend the Networks Northwest budget report for board acceptance. Motion passed.

Northwest Michigan Works! Inc. budget report ending 4/30/17

Darla Rowland presented the October 1, 2016 through April 30, 2017 budget report for Northwest Michigan Works! Expenditures are at 64.4% for Northwest Michigan Works!

Motion by C. Warren, supported by T. Wessell to recommend the Northwest Michigan Works! Inc. budget report for board acceptance. Motion passed.

Networks Northwest audit for the year ending 9/30/16

Bill Tucker of Abraham & Gaffney, P.C. presented the committee with the Audit Presentation, a synopsis of the FY16 audit of Networks Northwest. The Audit Presentation contains the independent auditor's report; governmental fund balance sheet; statement of revenues, expenditures, and changes in fund balances; and the schedule of findings and questioned costs. The opinion on page ii states that the financial statements present fairly, in all material respects. This represents a clean opinion and is the best opinion that can be received.

Bill reviewed the balance sheet and statement of revenues, expenditures, and changes in fund balances, which contain comparative numbers from the prior year. The unassigned fund balance is 7.3% of the total, slightly down from 7.8% last year. Total revenue increased 2.9% and expenses increased 6.5%.

The schedule of findings and questioned costs on page 64 identifies a material weakness under the Financial Statement section. Journal entries provided by the auditors were not included in the financial statements prepared by the agency's contracted accountant, thereby misstating the general ledger. The corrective action provided by management addressed the error and was acceptable to the auditors.

Auditees must have two consecutive years with no findings to be considered low-risk. Networks Northwest was a low-risk auditee in 2016 but will not be next year.

Motion by T. Vine, supported by K. Bollman to recommend the Networks Northwest audit for board acceptance.
Motion passed.

Northwest Michigan Works! Inc. audit for the year ending 9/30/16

Bill Tucker presented the committee with the Audit Presentation, a synopsis of the FY16 audit of Northwest Michigan Works! Inc. The Audit Presentation contains the independent auditor's report; statement of financial position; statement of activities; statement of functional expenses; and the schedule of findings and questioned costs. The opinion on page 2 states that the financial statements present fairly, in all material respects. This represents a clean opinion and is the best opinion that can be received.

Bill reviewed the statements of financial position, activities, and functional expenses, which all contain comparative figures to 2015. The current ratio is 4.22, up from 2015's figure of 3.21 (total current assets divided by total liabilities). A current ratio above 2 is good. Unrestricted net assets were at \$1.2 million, or 30% of annual operating expenses. Total support and revenue increased 6.1% from the prior year. Correspondingly, expenses increased as well, primarily in personnel and occupancy.

The schedule of findings and questioned costs on page 30 shows there are no findings, material weaknesses or significant deficiencies.

Motion by J. Cook, supported by T. Wessell to recommend the Northwest Michigan Works! Inc. audit for board acceptance. Motion passed.

Policy Review

The board adopted Petty Cash policy, dated 2013 was reviewed. Questions were asked about the lack of a specific dollar amount in the policy, how much money is currently in petty cash, and other specifics. Darla Rowland will bring specifics to the next meeting.

The remaining policies will be on August's agenda.

Adjourn

The meeting was adjourned at 5:00 pm.

Respectfully submitted:



Darla Rowland